

<p align="center"><b>2007 - 2008</b> <b>ANNUAL REPORT</b></p>
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## RESULTS OF OPERATIONS IN THE GENERAL FUND

The General Fund ended the year in a stable position. A final available ending fund balance of \$223.7 million was realized, as reflected in the following table:

### GENERAL FUND BUDGET TO ACTUAL COMPARISON FOR THE YEAR ENDED JUNE 30, 2008 (\$000s)

	<b>Revised Budget</b>	<b>Budgetary Basis Actual</b>	<b>Variance</b>
<b><i>Sources</i></b>			
<i>Beginning Fund Balance*</i>	272,726	272,726	-
<i>Liquidation of Carryover Encumbrances</i>	-	3,582	3,582
<i>Subtotal</i>	272,726	276,308	3,582
<i>Revenue</i>	829,048	827,741	(1,307)
<i>Total Sources</i>	<u>1,101,774</u>	<u>1,104,049</u>	<u>2,275</u>
<b><i>Uses</i></b>			
<i>Personal Services</i>	620,829	608,490	12,339
<i>Non-Personal/Equipment/Other</i>	121,423	108,123	13,300
<i>City-Wide Expenses</i>	148,478	104,350	44,128
<i>Capital Contributions</i>	48,101	29,061	19,040
<i>Transfers</i>	30,374	30,374	-
<i>Reserves</i>	132,569	-	132,569
<i>Total Uses</i>	<u>1,101,774</u>	<u>880,398</u>	<u>221,376</u>
 <i>Available Ending Fund Balance</i>		<u>223,651</u>	<u>223,651</u>

\* Includes an Encumbrance Balance of \$25.1 million

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## RESULTS OF OPERATIONS IN THE GENERAL FUND (CONT'D.)

The actual ending fund balance of \$223.7 million exceeded the estimated ending fund balance level by approximately \$20.8 million. This positive variance represented only 1.9% of the General Fund modified budget. The elements of that variance are illustrated in the following comparison of estimate to actual chart. The estimated fund balance column represents the projections used to formulate the Beginning Fund Balance amount, included as a source of funding in the 2008-2009 Adopted Budget.

### 2007-2008 GENERAL FUND ENDING FUND BALANCE ANALYSIS (\$000s)

	<b>Estimate</b>	<b>Budgetary Basis Actual</b>	<b>Variance</b>
<b><i>Sources</i></b>			
<i>Beginning Fund Balance*</i>	272,726	272,726	-
<i>Liquidation of Carryover Encumbrances</i>	1,065	3,582	2,517
<i>Subtotal</i>	273,791	276,308	2,517
<i>Revenue**</i>	829,048	827,741	(1,307)
<i>Total Sources</i>	1,102,839	1,104,049	1,210
<b><i>Uses</i></b>			
<i>Expenditures**</i>	869,096	850,024	19,072
<i>Transfers</i>	30,374	30,374	-
<i>Reserves</i>	487	-	487
<i>Total Uses</i>	899,957	880,398	19,559
 <i>Available Ending Fund Balance</i>	 202,882	 223,651	 20,769

\* Includes an Encumbrance Balance of \$25.1 million

\*\* After adjusting for a net-zero \$4.2 million of grant and reimbursement related revenues and expenditures not received or expended in 2007-2008, but rebudgeted to 2008-2009, the revenue variance resulted in a surplus of \$2.9 million and the expenditures variance actually totaled \$14.9 million.

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**RESULTS OF OPERATIONS IN THE GENERAL FUND (CONT'D.)**

The actual 2007-2008 liquidation of carryover encumbrance amount was \$3.6 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2006-2007 financial statements and the end of the 2007-2008 fiscal year. Liquidation of prior year encumbrances results in a reduction in the obligations against the fund balance. These funds then become available for reappropriation. The estimate to actual variance of \$2.5 million represents carryover encumbrance liquidations that occurred at a higher level than originally anticipated when formulating the fund balance estimate.

A detailed analysis of the significant variances between estimates and actuals for revenues, expenditures, transfers and reserves is provided in the following section.